(d) if so, the reasons for misleading Government and save the guilty staff members?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (BANKING, REVENUE AND INSURANCE) (SHRI KADAMBUR M. R. JANARTHANAN): (a) to (d) Information is being collected and will be laid on the Table of the House.

Package for Investment in SAARC Countries

1005. SHRI K. RAHMAN KHAN: Will the Minister of FINANCE be pleased to state:

(a) whether permission of RBI is required to invest in business in the SAARC countries;

(b) if so, what are the formalities and upto what amount of investment can be made; and

(c) whether Government are considering a special package for investment in SAARC countries?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) Yes, Sir.

(b) A statement indicating the existing procedure and ceilings for Indian Direct Investment abroad including SAARC Countries is annexed. (See below)

(c) No, Sir.

Statement

Details indicating the existing procedure and Ceiling for Indian Direct Investment abroad including SAARC countries.

Under the existing guidelines, the following routes for Indian Direct Investment in Joint Ventures/Wholly Owned Subsidiaries abroad including SAARC Countries are provided:

A. Fast Track Routes (FTR)

(i) Under this route, the proposals upto the investment of US$ 15mn. in all counnies including SAARC Countries (Rs. 60 crores in Nepal and Bhutan) are cleared by RBI subject to certain laid down criteria.

(ii) Investment upto US$ 15mn. out of the balance held in the Exchange Earners Foreign Currency (EEFC) Accounts are cleared by authorised dealers subject to the criteria laid down. Application in Form ODA is required to be made to Authorised Dealers with whom the EEFC account is maintained.

(iii) Proposals for Investment upto 50% of the GDRs as approved by Ministry of Finance, Department of Economic Affairs, under its normal GDR approval process. Applications are required to be made to Ministry of Finance (DEA).

B. Normal (Committee) Route

All other cases not falling in FTR above are considered by Special Committee chaired by Commerce Secretary within the parameters of stipulated policy and recommendation made for final approval by RBI.

C. Large Investment

For Investment over USS 15mn., application is required to be made to RBI. The resources beyond USS 15mn. are to be raised through EEFC/GDR issues. Specific approval of the Ministry of Finance will also be necessary for raising GDRs as per the extent EURO-issue guidelines.

D. Blanket Investment Approval to Software Companies

Foreign Investment upto 50% of cumulative actual export/foreign exchange realisation in the preceding three years subject to a maximum of USS 25mn. in a block of three consecutive financial years [inclusive of investment upto USS 15 mn. are allowed by authorised dealers out of EEFC Accounts under the EEFC (Fast Track Wondow)].